

Form



SE- 2 8 1963

Dear Applicant:

We have considered your application for recognition of exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

The information submitted discloses that you were incorporated on [REDACTED] under the Not-For-Profit Corporate Law of [REDACTED].

Your financial support derives from members dues, fundraising activities such as raffles and bingo, and newsletter advertising.

Your purposes lawfully stated are to educate the community in the creative and performing arts and to encourage support for and participation in community service and charitable organizations and also to assist the elderly and handicapped in becoming involved in the creative and performing arts.

The information you provided indicates that you have over [REDACTED] members who participate in a wide variety of activities each month. These activities include attendance at cultural performances, trips to sporting events and horse races, banquet dinners with sports team members, travel excursions to Las Vegas, the Caribbean and other areas, and occasionally a bingo party, raffle or seasonal party. Some members volunteer some of their time for clerical duties at non-profit organizations selected by the Board of Directors.

Your prime activity is to secure group discounts to the various events and excursions. For that purpose you have hired an Executive Director and an office manager to arrange and coordinate the various activities.

Section 501(c)(3) of the Code provides exemption for:

"...corporations organized and operated exclusively for religious, charitable, ... educational purposes, ...no part of the net earnings of which inure to the benefit of any private shareholder or individual..."

Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer

Approved
Clearance

Section 1.501(c)(3)-1(b)(1)(i) of the Income Tax Regulations provides that an organization is organized exclusively for one or more exempt purposes only if its Articles of Organization -

"(A) Limit the purposes of such organization to one or more exempt purposes; and

(B) do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes."

Section 1.501(c)(3)-1(c)(1) of the Income Tax Regulations provides that:

"An organization will be regarded as 'operated exclusively' for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3)..."

Section 1.501(c)(3)-1(d)(1)(II) of the Income Tax Regulations provides that all the organizations there described must serve a public rather than a private interest.

Section 1.501(c)(3)-1 of the regulations provides, in part, as follows:

"(a)(1) In order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt."

"(c)(1) Primary activities. An organization will be regarded as 'operated exclusively' for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities are not in furtherance of an exempt purpose."

"(d) Educational. The term 'educational', as used in section 501(c)(3), includes:

the instruction or training of the individual for the purpose of improving or developing his capabilities; or

the participation of the public on subjects useful to the individual and beneficial to the community.

Your Articles of Incorporation say that you will support institutions which present the performing arts but again your support consists mainly of attendance through discount-priced tickets. Your support of artists seems to be the purchase of banquet tickets for events where popular sports team members are scheduled to attend. Your assistance to involve the elderly, the handicapped or the underprivileged in the arts consists of transporting a few individuals to events.

Your By-Laws Article II list the following as objectives of the organization.

1. Primary purposes is to support non-partisan civic; cultural; sports; other community activities and projects; and group travel.
2. To encourage attendance by creating interesting events at attractive rates.
3. To foster new friendships and provide an opportunity for members to attend activities in a compatible manner which requires neither escort nor date.
4. To provide volunteer services to organizations and projects mentioned in Section 1.

While the above may be well-intentioned, few are within the parameters of section 501(c)(3) of the Code.

Your activities as outlined primarily serve special interests of your members. While some of your activities may be educational, they are chiefly nonexempt activities geared towards serving the private benefit of the members and thus falls short of supporting exemption under section 501(c)(3) of the Internal Revenue Code.

Based on the information provided, it is concluded that you are not organized and operated exclusively for charitable, educational or other exempt purposes, and that you do not qualify for recognition of exemption under section 501(c)(3) of the Internal Revenue

Code. Your organization are not deductible under section 170(c)(2)(B). You are required to file federal income tax returns.

[REDACTED]

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 652 gives instructions for filing a protest.

If you do not file a protest with this office within 30 days of the date of this report or letter, this proposed determination will become final.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

If this determination letter becomes a final determination, we will notify the appropriate State Officials, as required by section 6104(c) of the Code, that based on the information we have, we are unable to recognize you as an organization of the type described in Code section 501(c)(3).

If you agree with these conclusions or do not wish to file a written protest, please sign and return Form 6014 in the enclosed self-addressed envelope as soon as possible.

If you have any further questions, please contact the person whose name and telephone number are shown at the beginning of this letter.

Sincerely yours,

[REDACTED]
District Director